

Department of the Treasury  
Office of Thrift Supervision

# ***Transmittal***



December 29, 1994

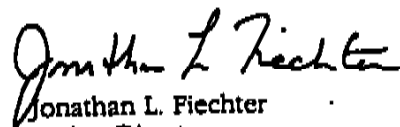
Number: 123

In the attached final rule, OTS and the three other federal bank regulatory agencies have formally incorporated two risks into the agencies' capital regulations: concentration of credit risk and the risks of nontraditional activities.

The new rule carries out the requirement of the Federal Deposit Insurance Corporation Improvement Act of 1991 that risk-based capital standards adequately account for the risk of concentration of credit and certain risks of nontraditional activities.

OTS and the other agencies have written the new rule so that it does not rely on a formula-based standard, but rather continues the current practice in which examiners consider how well institution management monitors and controls these two risks in making their assessment of overall capital adequacy.

The final rule was published in the December 15, 1994 edition of the *Federal Register*, Vol. 59, No. 240, pp. 64561-64564.



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Attachment